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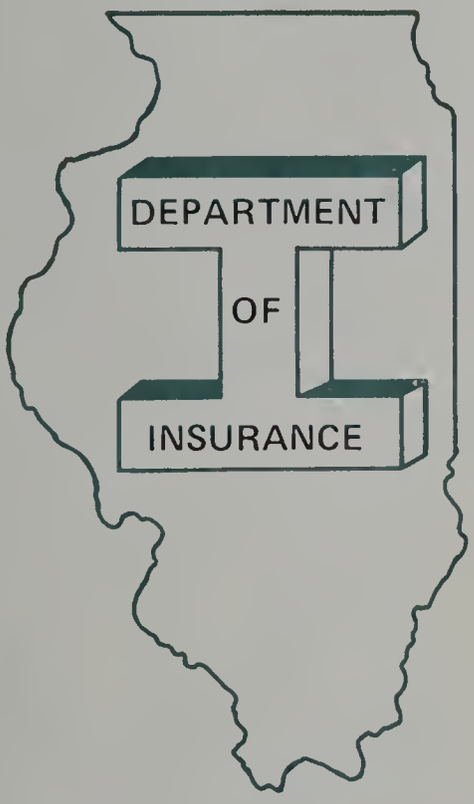

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What You Should Know about Nursing Home Insurance

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1. Introduction

Decisions on what you should do when you have a disabling health problem and need professional care are not always easy to make. You may find it necessary to stay in a nursing home.

This pamphlet is designed to provide basic information on nursing home insurance and point out some things to look for in these types of plans.

Nursing home insurance policies are relatively new products whose nature is changing quickly in the market place. The majority of nursing home insurance products sold in Illinois provide benefits for skilled care only. A few companies offer additional benefits for intermediate or custodial care.

2. Levels of Care

Nursing home policies may pay for **skilled, intermediate** and/or **custodial care**. Some policies may also contain a **home care** benefit. It is important that you understand what each of these terms mean because the **benefits** you receive will be based on the **type of care** and the **level of care** you receive.

Let's say, for example, that you are initially confined in a skilled nursing home and that you are receiving skilled nursing home benefits from your insurance.

If later your condition improves, you may only qualify for intermediate or custodial care and your insurance benefits would likely be reduced. If your policy does not contain intermediate or custodial care benefits, you would not be eligible for any further coverage.

Skilled care is care rendered by the nursing home staff to provide supervision and/or total assistance to meet all of the residents' medical and physical needs on a 24 hour per day basis.

Generally, skilled care includes medical or therapeutic services that can only be performed under the direct supervision of nurses, physical therapists or other medically trained professionals.

Intermediate care is care rendered in an institutional setting for those who are chronically ill and incapable of independent living. These services are less intensive than skilled care.

Custodial care is care given to assist with every day activities such as bathing and dressing. This care is for those individuals who do not need health-related services.

Home Health Care is care received at home for services such as cleaning wounds, changing bandages and giving injections. In some cases this care replaces institutional care.

Most nursing home policies require a certain amount of skilled care before intermediate or custodial benefits are provided. Some policies also require the nursing home **facility** to **meet** certain **requirements**. For example, you may have to be admitted to a certified, skilled facility to receive benefits.

3. Comparing Policies

It is important that you read any contract thoroughly, within the time frame given, to make sure that it is exactly what you want.

An insurance company usually allows you a minimum of 10 days for this review. If, after reading the policy, you find you are not completely satisfied, you may return it for a refund of premium within the period of time allowed.

Benefits vary from policy to policy. Nursing home **policies differ** in the amount of benefit paid each day, length of coverage, days of prior hospitalization required, initial wait before benefits start, and premiums charged. Additionally, some policies pay some of the expenses of medical and nonmedical care in an insured's home after release from a nursing home.

Compare the benefits of different policies before purchasing this insurance. It would also be helpful to know the daily average nursing home costs in your area.

4. Medicare

Many people mistakingly assume that nursing home bills will be taken care of by Medicare. But Medicare pays for only the first 20 days of care in a **Medicare-certified home** and a varying percentage of the cost for the next 80 days. Moreover, **benefits are restricted to skilled**, not custodial or intermediate or home care.

If you are eligible for Medicare and you have a **Medicare supplement policy** that contains a skilled nursing home benefit, check to see whether benefits are provided for intermediate or custodial care. If benefits are available for intermediate care or custodial care, determine whether payment of these benefits is contingent upon confinement in a skilled care facility immediately prior to the intermediate or custodial care confinement.

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5. Types of Limitations

Most nursing home policies contain several provisions which specifically limit coverage. Be sure you have a clear understanding of the following:

- **Probationary Period**—a **one-time** waiting period from the time you apply for insurance to the time benefits can begin.

- **Pre-existing Conditions**—a health condition that was present for no more than two years prior to the effective date of your coverage. The insurance company may deny benefits for this condition for a specified period of time (usually up to two years). If the insurance company determines that you have a pre-existing condition, be sure that you fully understand how future benefits will be affected.

- **Elimination Period**—a **recurring** waiting period during which **no** benefits will be paid. The number of elimination periods you must serve depends on the length of time between confinements.

  If you are readmitted to a nursing home within a short time of your previous confinement, you will generally not be required to serve another elimination period. If there is a long time between confinements, you most likely will have to serve a new elimination period.

  Some companies give you a choice, charging you a higher premium for short elimination periods and a lower premium for long elimination periods. You should think about this provision carefully because a lower premium may not be cost effective if you have to be confined for 90 or 100 days before benefits begin.

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Your **doctor** will be required to **verify** to the insurance company the **necessity** of confinement for skilled, intermediate or custodial care, so don't forget to contact your physician in advance when possible. Also, check to see what level of care is provided by the nursing home policy **before** you enter the nursing home to ensure that benefits will be paid.

6. If You Decide to Buy

Beware of policies that are renewable at the company's option. If possible, choose a **guaranteed renewable** policy.

Avoid buying **duplicate coverage**. Carefully review your existing insurance to determine whether you already have benefits for nursing home confinements. You cannot always assume that double coverage means double benefits because some policies contain a **coordination of benefits** provision that may limit the amount paid.

Do not pay the agent in **cash**. Make premium checks payable to the company—not the agent. Ask for a receipt.

Do not sign a blank application or allow the agent to change any answers.

If you have problems, call or write the Illinois Department of Insurance for advice and assistance at the following address:

Fourth Floor
320 W. Washington St.
Springfield, Illinois 62767
(217) 782-4515